

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
NORTHERN ROCKCASTLE COUNTY WATER) CASE NO. 9665
DISTRICT)

O R D E R

On August 13, 1986, Northern Rockcastle County Water District ("Northern Rockcastle") filed its revised tariff sheet with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.015 and 807 KAR 5:068. Subsequently, on September 2, 1986, in response to the Commission's request, Northern Rockcastle filed additional information for the purpose of determining the correctness of its calculations and rates.

The Commission having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. Northern Rockcastle's supplier, City of Mt. Vernon, increased its rate for purchased water from \$.42 to \$.84 per 1,000 gallons, effective April 30, 1986.

2. During the 12-month period ending May 31, 1986, Northern Rockcastle purchased 35,918,800 gallons of water and sold 29,353,660 gallons.

3. The calculations made by Northern Rockcastle are incorrect in that the purchased water adjustment was based on the exact difference between the base rate and the changed rate of the

supplier (\$.84 - \$.42 = \$.42) rather than the difference in the actual cost of water purchased under the base rate and changed rate.

4. The actual increase in purchased water costs is \$15,112 resulting in a purchased water adjustment of \$.51 per 1,000 gallons, as shown by the calculations in Appendix B to this Order.

5. The rates proposed by Northern Rockcastle are incorrect and should be denied.

6. The purchased water adjustment in the amount of \$.51 per 1,000 gallons and the rates in Appendix A are fair, just and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Northern Rockcastle be and they hereby are denied.

2. The purchased water adjustment in the amount of \$.51 per 1,000 gallons and the rates in Appendix A be and they hereby are approved.

3. Within 30 days of the date of this Order, Northern Rockcastle shall file its revised tariff sheet with the Commission setting out the rates approved herein.

Done at Frankfort, Kentucky, this 9th day of September, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Herman Jr.
Chairman

[Signature]
Vice Chairman

[Signature]
Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9665 DATED SEPTEMBER 9, 1986

The following rates and charges are prescribed for customers receiving water service from Northern Rockcastle County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>USAGE BLOCKS</u>		<u>RATE</u>
First	2,000 Gallons	\$8.52 Minimum
Next	3,000 Gallons	3.01 Per 1,000 Gallons
Next	5,000 Gallons	2.51 Per 1,000 Gallons
Next	15,000 Gallons	2.01 Per 1,000 Gallons
Next	25,000 Gallons	1.71 Per 1,000 Gallons
Next	50,000 Gallons	1.51 Per 1,000 Gallons
Over	100,000 Gallons	1.31 Per 1,000 Gallons

Minimum Bills

<u>Meter Size</u>	<u>Minimum Usage</u>	<u>Minimum Bill</u>
5/8" X 3/4"	2,000 Gallons	\$ 8.52
1"	5,000 Gallons	17.55
1 1/2"	10,000 Gallons	30.10
2"	25,000 Gallons	60.25

All usage in excess of the minimum shall be billed in accordance with the rate schedule.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9665 DATED SEPTEMBER 9, 1986.

PURCHASED WATER ADJUSTMENT CALCULATIONS

Gallons Sold

Meter No. 1	4,084,000 Gallons
Meter No. 2	<u>31,897,800 Gallons</u>
Total	35,981,800 Gallons

Changed Cost

35,981.8 M Gallons X \$.84/1,000 Gallons = \$30,224.71

Base Cost

35,981.8 M Gallons X \$.42/1,000 Gallons = \$15,112.36

\$15,112.35

Increased Cost

\$15,112.35 ÷ 29,353.66 M Gallons Sold = \$.5148 or \$.51 per
1,000 gallons